

EXECUTIVE DIRECTIVE 2007-2

TO: Department Directors and Autonomous Agency Heads

FROM: Governor Jennifer M. Granholm

DATE: January 24, 2007

SUBJECT: Restrictions on Service Contracts and Use of Temporary Employees

The economic conditions currently facing the citizens and government of this state and the resulting fiscal difficulties for our state budget are detailed in Executive Directive 2007-1. Given the severity of the state budget constraints, I am issuing this Directive now, which has as its objective reduction in expenditures by departments and agencies within the Executive Branch of state government. While I recognize that resources are already scarce, and that greater efficiencies already have been achieved in the administrative operations of state departments and agencies, it is critical to implement additional efforts to reduce costs and curtail spending. Accordingly, I direct:

I. RESTRICTIONS ON USE OF SERVICE CONTRACTS AND TEMPORARY EMPLOYEES

A. For the remainder of the fiscal year ending September 30, 2007, contracts for services or the use of temporary employees financed with state funds shall be deferred and limited to only the most essential requirements. Exceptions to this requirement may be granted by the State Budget Director in any of the following circumstances:

1. A contract or the use of temporary employees is necessary to comply with a legal mandate or court order or for law enforcement purposes.
2. A contract or the use of temporary employees is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
3. A contract or the use of temporary employees is necessary to provide for the basic requirements of residents of state institutions or facilities, including, but not limited to, food, clothing, and prescription drugs.
4. A contract or the use of temporary employees is essential to the continued functioning of a legally-mandated program or activity of state government.
5. A contract or the use of temporary employees is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
6. A contract or the use of temporary employees is necessary to comply with federal requirements.

B. The restrictions on personal service contracts imposed by Executive Directive 2006-3 remain in effect.

II. ENFORCEMENT

A. State department directors and autonomous agency heads are directed to closely and regularly monitor expenditures for services contracts or temporary employees to ensure close compliance with the spirit of this Directive and the efficient expenditure of tax dollars.

B. The Department of Management and Budget ("DMB") and the State Budget Office shall review department and agency expenditures on a regular basis. The DMB shall make every effort, including, but not limited to, implementing limits on the use of statewide contracts, direct vouchers, procurement cards,

and employee reimbursements, to further reduce total state expenditures using service contracts or for temporary employees. If the Director of the DMB determines that a department or agency has failed to demonstrate significant and continuing progress in meeting the objectives of this Directive, the DMB shall rescind procurement authority delegated to the department or agency, including, but not limited to, delegation authorized under Section 261 of the Management and Budget Act, 1984 PA 431, MCL 18.1261, or under Sections 0510.01 or 0510.12 of the Administrative Guide to State Government. The State Budget Director may recommend to the Director of the DMB rescission of delegated purchasing authority under this paragraph.

C. In exercising general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of the state, and of all state institutions, as required under Section 3 of 1921 PA 2, MCL 17.3, the State Administrative Board shall monitor compliance with the requirements of this Directive.

D. Violations of the requirements of this Directive shall be reported to the Director of the Department of Management and Budget and to the Secretary of the State Administrative Board.

E. The State Administrative Board may take action to enforce the requirements of this Directive as authorized under 1921 PA 2, MCL 17.1 to 17.3.

III. MISCELLANEOUS

A. Nothing in this Directive shall be construed to alter or modify any Civil Service Commission rule or regulation.

B. The restrictions established under this Directive apply regardless of the state fund source financing a purchase or a contract.

C. The restrictions established under this Directive apply both to new contracts and to the amendment, extension, renewal, or reauthorization of existing contracts.

D. This Directive is effective immediately and remains in effect through September 30, 2007.

I extend my sincere appreciation for your assistance and the continued hard work of state employees as we respond to the state's difficult fiscal condition.

JENNIFER M. GRANHOLM
GOVERNOR